



North Carolina
Department of Health and Human Services
Division of Medical Assistance

Audit Section

One Hannover Square, 421 Fayetteville Street Mall - Raleigh, N.C. 27601
2501 Mail Service Center - Raleigh, N.C. 27699-2501
Courier Number 56-20-06 Tel: (919) 647-8060

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Gary Fuquay, Director

January 3, 2005

RE: Capital Reimbursement Request for Information / Documentation

Dear Nursing Home Administrator:

The Division of Medical Assistance is undertaking an effort to establish a new mechanism for capital reimbursement for nursing facilities to replace the Return on Equity system described in the North Carolina State Plan. The mechanism being discussed is described as Fair Rental Value. One basis under discussion with the industry involves the use of a facility's assessed tax value by the county tax office; therefore, we are requesting the public information listed below from all Medicaid enrolled nursing facility providers. This includes for-profit, not-for-profit, free-standing, and provider-based nursing facilities. Some counties have these public records available on their county government website. If the county does not have this information available on a website, the provider should obtain copies of this public information from their county tax office.

1. Real Estate Tax invoices for 2001, 2002, 2003, and 2004 which should have the following:
 - Name and address of legal owner
 - Tax amount due
 - Assessed value of land and building(s)
2. Real Estate Account Summary, showing
 - Land Assessed Value
 - Building(s) Assessed Value
3. Building Detail (each building), showing
 - Building Valuation
 - Building Square Feet / Rooms / Units / Beds
 - Year Built
 - Year Additions or major renovations made – indicate change of beds / square footage / rooms
4. Land Valuation Summary, showing
 - Acres
 - Rates per acre

For all providers: With the above documentation, identify the year of the most recent assessment. The counties assess property a minimum of every eight years, and not all counties are assessed in the same year; however, some providers may have requested a mid-term assessment due to significant capital improvements. In absence of this information, the assessment year used will be the last standard year used for that county according to the North Carolina Department of Revenue.

Special Note: For providers who have mixed use property whose use is not exclusively for nursing services, in addition to the above documentation, the provider must identify the buildings and/or portions of property only used for nursing patient care. This includes providers who have campuses with apartments and/or independent living units, combination facilities with Adult Care Homes, and hospital based nursing facilities. If the provider uses calculations to determine the portion of tax value attributed to the nursing facility, those calculations and basis must also be furnished.

We request that you furnish this information to our office no later than February 4, 2005.

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Please note a second basis is also being discussed with the industry and that consists of construction costs and documented bed changes. A sample of 30-50 providers will be selected, and additional information will be requested under separate correspondence.

Sincerely,

James B. Flowers, Chief
DMA Audit Section